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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Honorable Edolphus "Ed" Towns  
House of Representatives  
2232 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Towns:

Thank you for your letter expressing concern about the benchmark provisions of our new cable rate regulations.

The Commission's rate regulations are currently under reconsideration. Accordingly, your comments are being made part of the record of that proceeding [REDACTED]

I assure you that your comments will be carefully weighed in our reconsideration proceeding.

Sincerely,

James H. Quello  
Chairman

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**EDOLPHUS "ED" TOWNS**

MEMBER OF CONGRESS  
10TH DISTRICT, NEW YORK

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HUMAN RESOURCES AND  
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**Congress of the United States**

**House of Representatives**

**Washington, DC 20515-3210**

July 30, 1993

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3117

The Honorable James Quello  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Dear Chairman Quello:

The Cable Television Consumer Protection and Competition Act of 1992 is intended to protect consumers from excessive charges for certain cable television services and related equipment, while at the same time assuring that cable companies continue to thrive and provide a broad diversity of services and programming to increasing numbers of subscribers in both urban and low-density rural areas.

I am concerned that in establishing cable service and equipment rates or "benchmarks", the FCC may not be allowing cable companies to receive a reasonable return on their investment as expressly required by the Act. Such a return on investment is also necessary if cable companies are to continue to attract capital to pay their debt and operating expenses, and to continue to provide diversity of programming to the greatest number of subscribers.

I appreciate the difficulty of the FCC's task, and I know that it may be further compounded by political pressures from various interest groups. However, I urge you to avoid any hasty decision which might result in diverging from the clearly articulated provisions of the legislation.

If the benchmarks for services or the rates for equipment as recently promulgated by the FCC, and which are now the subject of reconsideration, do not provide for a reasonable return, then these benchmarks should be reconsidered and adjusted.

Thank you for your consideration of these points and I ask that copies of this letter be made a part of the public record of all appropriate processing now pending before you.

Sincerely,

*Handwritten signature: Edolphus "Ed" Towns*  
Edolphus "Ed" Towns  
Member of Congress



OFFICE OF  
THE CHAIRMAN

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

EX PARTE OR LATE FILED

Honorable Bob Smith  
United States Senate  
332 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Smith:

Thank you for your letter expressing concern about how our new rate regulations may affect small cable systems.

On August 10, 1993, the Commission granted a temporary stay of the rate regulations for small systems with 1,000 or fewer subscribers (see enclosure) and initiated a Further Notice of Proposed Rule Making to examine the burdens on small cable systems. Your comments will be placed in the record of this proceeding.

In addition, I wish to reiterate my own concerns about the regulatory impact of the 1992 Cable Act on small cable systems, especially those not affiliated with any MSO. I have directed the staff to explore a number of alternatives designed to alleviate the burdens that would otherwise be imposed on small systems to insure they remain a viable part of the telecommunications infrastructure. I assure you that the Commission is making every effort to minimize any negative repercussions for small operators resulting from re-regulation, within the bounds of the discretion provided to us by the Act itself.

Sincerely,

James H. Quello  
Chairman

Enclosure

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BOB SMITH  
NEW HAMPSHIRE  
IN NEW HAMPSHIRE  
1-800-922-2230

# United States Senate

WASHINGTON, DC 20510-2903

July 28, 1993

COMMITTEES:

ARMED SERVICES  
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PUBLIC WORKS  
JOINT ECONOMIC  
COMMITTEE

*Handwritten:*  
NMB  
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The Honorable James H. Quello  
Chairman  
Federal Communications Commission  
1919 M Street, NW, Room 802  
Washington, D.C. 20554

Dear Chairman Quello:

I am writing regarding the implementation of the Cable Television Consumer Protection and Competition Act of 1992. It has come to my attention that the Act's implementation could have a serious detrimental effect on the ability of small and rural cable operators to continue to provide service to their subscribers.

As you know, the Act requires the FCC to determine cable rate regulations that will reduce the administrative burdens and cost of compliance for cable systems that have 1,000 or fewer subscribers. However, the average fixed cost per mile of building and providing service to homes in urban areas and rural areas is fixed, regardless of how many homes are served in that mile. In rural areas these costs must be spread over many fewer subscribers per mile. Many small systems have risked a great deal to serve areas that larger companies have consistently ignored. To force small operators to reduce their rates to the levels charged by large cable systems serving high density areas would drive many small systems out of business, leaving rural areas, like New Hampshire, without service.

I do not believe that the Act was designed to impact small systems so harshly. Taking a flexible approach to regulating small and rural cable operators would enable these operators to serve their subscribers efficiently, while at the same time maintaining the Cable Television Consumer Protection and Competition Act's consumer protections. Thank you for your attention to this matter.

Sincerely yours,



Bob Smith, U.S.S.

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